

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 EUR-12 EA-09 NEA-10 IO-10 ISO-00 FEA-01

AGR-10 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 OMB-01 /142 R

DRAFTED BY EB/OT/GCP:RBANQUE:JM
APPROVED BY EB/OT/GCP:SAHMAD
EA/PRCM:MVBRIESEN
EUR/SE:RDELABARE EA/ANP:HNELSON
EUR/EE:RCHRISTENSEN
AF/E:GSCOTT STR:JDONALDSON (INFO)
NEA/IAI:MSTERNBERG
EUR/RPE:RBRESLER EA/EP:AGEBER
NEA/RA:DMORRISON
AF/EPS:AJILLSON STR:SLANDE

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R 150057Z NOV 75
FM SECSTATE WASHDC
TO AMCONSUL HONG KONG
AMEMBASSY NICOSIA
AMEMBASSY TEL AVIV
AMEMBASSY BUCHAREST
AMEMBASSY MOGADISCIO ANKARA
AMEMBASSY CANBERRA
USMISSION EC BRUSSELS
USMISSION GENEVA
USDEL MTN GENEVA
AMEMBASSY PARIS

UNCLAS STATE 270954

E.O. 11652: N/A

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TAGS: ETRD, GATT

SUBJECT: GSP COUNTRY ELIGIBILITY

REF: STATE 266854

TEXTS REFERRED TO IN REFTEL FOLLOW:

TEXT OF LETTERS FROM THE PRESIDENT TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE

DEAR MR. SPEAKER: (DEAR MR. PRESIDENT:)

IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 502(A)(1) OF THE TRADE ACT OF 1974, I HEREBY NOTIFY THE HOUSE OF REPRESENTATIVES (SENATE) OF MY INTENTION TO DESIGNATE ADDITIONAL BENEFICIARY DEVELOPING COUNTRIES AND TERRITORIES FOR PURPOSES OF THE GENERALIZED SYSTEM OF PREFERENCE (THE "GSP") PROVIDED FOR IN TITLE V OF THE TRADE ACT OF 1974. THIS IS TO BE DONE BY AMENDING EXECUTIVE ORDER 11844, OF MARCH 24, 1975 (ENCLOSED AT TAB A), IN THE MANNER DESCRIBED BELOW.

THE FOLLOWING COUNTRIES AND TERRITORIES ARE TO BE ADDED TO THE LISTS OF DESIGNATED GSP BENEFICIARIES SET FORTH IN SECTION 1 OF E.O. 11844:

CYPRUS SOMALIA

HONG KONG TURKEY

ISRAEL CHRISTMAS ISLAND (AUSTRALIA)

ROMANIA COCOS (KEELING) ISLANDS

MY INTENTION TO DESIGNATE EACH OF THE COUNTRIES AND TERRITORIES AS GSP BENEFICIARIES REFLECTS THE FOLLOWING CONSIDERATIONS:

A. THE EXPRESSIONS OF THEIR DESIRES TO BE DESIGNATED AS BENEFICIARIES;

B. THEIR LEVELS OF ECONOMIC DEVELOPMENT, INCLUDING THEIR PER CAPITA GROSS NATIONAL PRODUCTS, THEIR GENERAL LIVING STANDARDS AS MEASURED BY LEVELS OF HEALTH, NUTRITION, EDUCATION, HOUSING, AND THEIR DEGREES OF INDUSTRIALIZATION;

C. WHETHER OR NOT OTHER MAJOR DEVELOPED COUNTRIES ARE EXTENDING GENERALIZED PREFERENTIAL TARIFF TREATMENT TO THEM;

D. THE EXTENT TO WHICH THEY HAVE ASSURED THE UNITED UNCLASSIFIED

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STATES THAT THEY WILL PROVIDE THE UNITED STATES WITH EQUITABLE AND REASONABLE ACCESS TO THEIR MARKETS;

INCLUDING THE REPORTS THEREON BY THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON FINANCE OF THE SENATE. THE EXCLUSIONARY PROVISIONS OF THE TRADE ACT WOULD APPLY

TO SOME OF THE COUNTRIES THAT ARE TO BE DESIGNATED BUT
FOR THE FACTORS DESCRIBED BELOW:

CYPRUS

THE TARIFF PREFERENCES THAT CYPRUS EXTENDS TO THE PRODUCTS
OF MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY
("E.E.C.") AND THE COMMONWEALTH COUNTRIES DO NOT HAVE,
AND ARE NOT LIKELY TO HAVE, SIGNIFICANT ADVERSE EFFECTS
UPON UNITED STATES COMMERCE. ACCORDINGLY, THE EXCLUSIONARY
PROVISIONS OF SECTION 502(B)(3) OF THE TRADE ACT DO NOT
APPLY TO CYPRUS.

ISRAEL

I HAVE RECEIVED SATISFACTORY ASSURANCES THAT ISRAEL WILL
TAKE ACTION PRIOR TO JANUARY 1, 1976 TO ASSURE THAT,
ALTHOUGH ISRAEL AFFORDS PREFERENTIAL TREATMENT TO PRODUCTS
OF OTHER DEVELOPED COUNTRIES (THOSE OF THE E.E.C.), THERE
WILL BE NO SIGNIFICANT ADVERSE EFFECT ON UNITED STATES
COMMERCE RESULTING FROM SUCH PREFERENTIAL TREATMENT.
IN PARTICULAR, THE GOVERNMENT OF ISRAEL HAS PROVIDED
SATISFACTORY ASSURANCES THAT, FOR SPECIFIED U.S. EXPORTS
TO ISRAEL WORTH SOME 92 MILLION DOLLARS (1974 DATA), ISRAEL
WILL REDUCE THE APPLICABLE MOST-FAVORED-NATION (MFN)
DUTY RATES SO AS TO ELIMINATE, OR IN SOME CASES VIRTUALLY
ELIMINATE, THE MARGIN BETWEEN SUCH MFN RATES AND THE
PREFERENTIAL TARIFF RATES BEING APPLIED TO THE SAME
PRODUCTS FROM E.E.C. COUNTRIES. IN ADDITION, ISRAEL WILL

ELIMINATE, AT LEAST DURING THE LIFE OF THE U.S. GSP,
MARGINS BETWEEN THE E.E.C. PREFERENTIAL TARIFF RATES AND
THE MFN RATES WHENEVER SPECIFIED CONDITIONS ARE MET FOR
CERTAIN PRODUCTS. THESE PRODUCTS HAVE BEEN IDENTIFIED BY
THE UNITED STATES AS IMPORTANT EXPORTS FOR WHICH THE U.S.
AND THE E.E.C. COUNTRIES ARE SERIOUS COMMERCIAL COMPETI-
TORS AND FOR WHICH TARIFF PREFERENCES, IF APPLIED, WOULD
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BE LIKELY TO AFFECT ADVERSELY U.S. COMMERCIAL INTERESTS.
ISRAEL WILL ELIMINATE PREFERENTIAL TARIFF MARGINS ON
THESE PRODUCTS WHENEVER SPECIFIC STATISTICAL CRITERIA ARE
MET. ISRAEL ALSO WILL CONSULT WITH THE UNITED STATES, AT
OUR REQUEST CONCERNING ANY OTHER U.S. EXPORTS WHICH MAY BE
AFFECTED ADVERSELY BY ITS TARIFF PREFERENCES FOR PRODUCTS
OF E.E.C. COUNTRIES.

FOR THESE REASONS, ISRAEL QUALIFIES FOR THE GSP UNDER THE
TERMS OF SECTION 502(B)(3) OF THE TRADE ACT OF 1974.

ROMANIA

IN VIEW OF (A) THE U.S.-ROMANIAN TRADE RELATIONS AGREEMENT,
SIGNED ON APRIL 2, 1975, AND ENTERED INTO FORCE ON
AUGUST 3, 1975, WHICH GRANTED NON-DISCRIMINATORY TARIFF
TREATMENT TO ROMANIAN PRODUCTS (B) ROMANIA'S STATUS AS A
CONTRACTING PARTY TO THE GENERAL AGREEMENT ON

TARIFFS AND TRADE AND ITS MEMBERSHIP IN THE INTERNATIONAL MONETARY FUND, AND (C) THE REPEATED MANIFESTATION OF ROMANIAN DETERMINATION TO PURSUE AN INDEPENDENT FOREIGN POLICY, ROMANIA, ALTHOUGH A COMMUNIST COUNTRY, FULFILLS THE REQUIREMENTS FOR GSP ELIGIBILITY SET FORTH IN SECTION 502(B)(1) OF THE TRADE ACT.

SOMALIA

SOMALIA IS NOW TAKING STEPS TO DISCHARGE ITS OBLIGATIONS UNDER INTERNATIONAL LAW WITH RESPECT TO AN INVESTMENT DISPUTE WHICH HAD THE EFFECT OF A NATIONALIZATION, EXPROPRIATION, OR OTHER SEIZURE OF U.S. PROPERTY BY SOMALIA. MY DETERMINATION TO THIS EFFECT IS SET FORTH AT TAB B. THIS DETERMINATION MAKES SOMALIA ELIGIBLE FOR GSP UNDER THE TERMS OF SECTION 502(B)(4) OF THE TRADE ACT.

TURKEY

TURKEY ALSO IS TAKING STEPS TO DISCHARGE ITS OBLIGATIONS UNDER THE INTERNATIONAL LAW WITH RESPECT TO PROPERTY QUESTIONS IN THE TURKISH-CONTROLLED AREA OF CYPRUS WHICH COULD BE CONSIDERED AS NATIONALIZATIONS, EXPROPRIATIONS, OR SEIZURES OF UNITED STATES PROPERTIES. MY DETERMINATION AT TAB B COVERS TURKEY AS WELL AS SOMALIA, SO THAT TURKEY ALSO IS ELIGIBLE FOR GSP UNDER SECTION 504(B)(4) OF THE TRADE ACT.

IN ADDITION, THE TARIFF PREFERENCES THAT TURKEY EXTENDS TO THE PRODUCTS OF MEMBERS OF THE E.E.C. DO NOT HAVE, AND ARE NOT LIKELY TO HAVE, SIGNIFICANT ADVERSE EFFECTS ON UNITED UNCLASSIFIED

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STATES COMMERCE. THIS CONCLUSION DEPENDS UPON THE

CONTINUANCE BY TURKEY OF CERTAIN KEY GOVERNMENT DECREES. THE GOVERNMENT OF TURKEY UNDERSTANDS THE IMPORTANCE OF THE MAINTENANCE OF THOSE DECREES TO TURKEY'S CONTINUED ELIGIBILITY FOR GSP, AND HAS ACKNOWLEDGED THE DESIRABILITY OF CONSULTING WITH THE UNITED STATES BEFORE CHANGING ITS CUSTOMS TARIFFS IN A MANNER PREJUDICIAL TO ITS STATUS AS A BENEFICIARY COUNTRY.

HONG KONG., CHRISTMAS ISLAND (AUSTRALIA), COCOS (KEELING) ISLANDS

NONE OF THE EXCLUSIONARY PROVISIONS OF SECTION 502(B) ARE APPLICABLE TO THESE AREAS.

IN ADDITION TO THE INTENDED DESIGNATIONS DESCRIBED ABOVE, CAPE VERDE, MOZAMBIQUE, PAPUA NEW GUINEA, SAO TOME AND PRINCIPE, AND SURINAM ARE TO BE MOVED FROM THE LIST OF DEPENDENT BENEFICIARIES TO THE LIST OF INDEPENDENT BENEFICIARY COUNTRIES, BECAUSE THEY HAVE BECOME INDEPENDENT SINCE EXECUTIVE ORDER 11844 WAS ISSUED LAST MARCH 24. ANGUILLA WILL BE DELETED FROM EXECUTIVE ORDER 11844 AS A SEPARATE LISTING, BUT WILL CONTINUE TO BE A DESIGNATED GSP BENEFICIARY AS PART OF "SAINT CHRISTOPHER-NEVIS-ANQUILLA".

THESE CHANGES WILL NOT AFFECT THE STATUS OF THE AREA
INVOLVED AS GSP BENEFICIARIES.

SINCERELY, GERALD R. FORD

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AND REFTEL TO CORRECT INACCURACIES OR MISCONCEPTIONS THAT
MAY APPEAR IN PUBLIC MEDIA OR THAT MAY BE EXPRESSED BY
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE270954
Document Source: CORE
Document Unique ID: 00
Drafter: RBANQUE:JM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750399-0287
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751141/aaaabkdh.tel
Line Count: 233
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 266854
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 25 NOV 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 NOV 2003 by chicheje>; APPROVED <26 JAN 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GSP COUNTRY ELIGIBILITY
TAGS: ETRD, HK, US, GATT
To: HONG KONG MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006